

Message Text

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43

ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-01 INR-05 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 RSC-01 AID-05 CIEP-01 SS-15

STR-01 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00

OMB-01 /094 W

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R 231212Z DEC 74

FM USMISSION GENEVA

TO SECSTATE WASHDC 9785

INFO USMISSION EC BRUSSELS UNN

USMISSION OECD PARIS UNN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

AMEMBASSY PARIS

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PASS AGRICULTURAL AND STR

E.O. 11652: NA

TAGS: ETRD GATT

SUBJ: GRAIN RESERVES AND MTN

1. SUMMARY. IN CONVERSATIONS WITH OFFICIALS FROM THE EC COMMISSION, EC MEMBER STATES AND THE GATT SECRETARIAT, WE WERE TOLD THAT THE SCOPE OF AGRICULTURAL NEGOTIATIONS IN THE MTN WOULD BE STRONGLY LIMITED, IF A SCHEME FOR GRAIN RESERVES WERE NEGOTIATED OUTSIDE THE MTN FRAMEWORK. END SUMMARY.

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2. IN CONVERSATIONS WITH THE EC COMMISSION OFFICIALS, OFFICIALS FROM THE GATT SECRETARIAT AND VARIOUS DELEGATIONS FROM EC MEMBER STATES, WE WERE TOLD THAT THE SCOPE OF THE MULTI-LATERAL TRADE NEGOTIATIONS WOULD BE STRONGLY LIMITED AND AGRICULTURAL NEGOTIATIONS COULD EVEN BE IMPAIRED IF A SCHEME FOR GRAIN RESERVES WERE NEGOTIATED OUTSIDE THE MTN.

3. THIS THOUGH WAS MOST CLEARLY FORMULATED BY LUCQ FROM THE GATT SECRETARIAT WHO APPARENTLY CONVEYED THIS MESSAGE ON BEHALF OF THE EC COMMISSION OR THE FRENCH DELEGATIONS.

4. LUCQ'S REASONING (WHICH MIGHT BE PARTY SELF-SERVING, FOR THE AGRICULTURAL SECTION OF THE GATT SECRETARIAT IS OBVIOUSLY INTERESTED IN AS BROAD A RANGE OF AGRICULTURAL GATT NEGOTIATIONS AS POSSIBLE) IS AS FOLLOWS.

5. WHILE THE EC DOES NOT INTEND TO LIBERALIZE ITS GRAIN TRADING SYSTEM, IT IS NEVERTHELESS WILLING TO ASSUME RESPONSIBILITY FOR COMPARATIVELY LARGE GRAIN RESERVE STOCKS. THE ACCUMULATIONS OF SUCH STOCKS WOULD- IN THE EYES OF THE COMMUNITY-HAVE THE SAME EFFECT AS DIRECT LIBERALIZATIONS BECAUSE IT WOULD WITHDRAW FROM THE MARKET LARGE QUANTITIES OF GRAIN AND THIS STRENGTHEN WORLD DEMAND. THE CREATION OF SUCH RESERVES WOULD BE THE MAJOR EC CONCESSION IN THE MTN AS FAR AS GRAIN IS CONCERNED. IF A GRAIN RESERVE SCHEME WERE DEVELOPED OUTSIDE THE MTN, THE COMMUNITY'S INTENDED QUOTE OFFER UNQUOTE WOULD BECOME PUPOSELESS. HENCE THE COMMUNITY'S PLAN TO PROPOSE AN INTERNATIONAL COMMODITY

AGREEMENT ON GRAINS WOULD IN THE COMMUNITY'S VIEW BECOME LESS ATTRACTIVE TO ITS NEGOTIATING PARTNERS.

6. IF THUS NO AGREEMENT ON GRAIN COULD BE REACHED IN THE MTN, THE COMMUNITY WOULD SEE LITTLE PURPOSE IN NEGOTIATING IN THE MTN ON GRAIN PROCESSED PRODUCTS, WHICH REPRESENT THE BULK OF THE COMMUNITY'S FARM OUTPUT. THEREFORE, THE SCOPE OF THE AGRICULTURAL NEGOTIATIONS WOULD BE GREATLY LIMITED. ABRAMS

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Message Attributes

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